Bernard M. Baruch Is Bidding Farewell to Wall Street

Head of the War Industries Board Long a Landmark in the Financial District

By Arnold Prince

BERNARD M. BARUCH is leaving Wall Street. Considering the stir he caused while there, and the scope of the operations in which he engaged, his departure is looked upon as something of an event, taking on the sentimental significance almost of the passing of a landmark.

Of course, Baruch quit trading in the market when he entered war service, but now he is moving out of the district, bag and baggage. He is opening an office in Forty-ninth Street, which, so far as he will make his plans known, will be an editorial sanctum more than anything else, and where he may write a book on the economic aspects of the peace treaty. Having been chairman of the War Industries Board, which had extraordinary powers in the industrial field, and having helped to frame the economic and reparation clauses of the pact at Versailles, he is in a position to contribute much valuable information on this highly important subject.

Exit Baruch, Stockbroker

But as for his career in Wall Street, that is definitely over. Henceforth he may be Baruch the author, or Baruch the private citizen, or Baruch the—well, who can tell what a man of his energy may not attempt? But Baruch the stockbroker—he is no more. That part of his life is a closed chapter.

A man is a many-sided creature, after all. I had gone to talk to the former chairman of the War Industries Board about his retirement from the financial district, and about the prediction he was supposed to have made that the cost of living "soon was to come down," and we wound up by discussing—the prize fighters with whom he had boxed; the accident of fortune which had made him a financier instead of a lawyer or a physician, either of which callings he might have adopted in his youth had not fate stepped in at the last moment to prevent him, and his admiration for David Ricardo, the British economist, who, after retiring as a banker and stockbroker, became a famous author on finance and one of the earliest advocates of the theory that the "value of all commodities determined in all states of society by the quantity of labor required for their production."

The interview, and especially Baruch's extravagant veneration for the late British author and speculator, developed a side of his character which to most people at least will appear novel.

Baruch as an independent operator who kept Wall Street in a condition of apprehension by his daring operations; Baruch as a "stormy petrel of finance," who was constantly cutting picturesque trails across the gold belt in lower Manhattan, is a picture that is familiar to those whose knowledge of him is based on their reading of the newspapers.

The Unknown Baruch

But Baruch as a devotee of the most intricate phases of finance, who never risked a penny until he felt he had a sound business reason for doing so; Baruch as an economist whose moves were founded in almost painful conservatism, and certainly Baruch as a man who could step into the "squared circle" and in a friendly contest give a good account of himself against so wily an antagonist as Bob Fitzsimmons himself, will strike many people as a new vision, indeed, in a popular conception of "Who's Who" among the celebrities.

Doubtless there are a great many persons with limited incomes who would like to know how to make a little money in Wall Street, but if they are to benefit by the Baruch method, as it would appear actually to have been practiced, they will have to learn, first of all, one or two of the cardinal principles.

One of these seems to be that you can't make money with any degree of certainty by taking up Wall Street as a "side line."

And the other is that you must have a surprising amount of information about matters apparently unrelated to stock transactions if you are to succeed as a trader.

Baruch "played a system" certainly in making money in Wall Street, but his "system," it would appear, was the system of knowledge rather than the haphazard ventures of the gambler who takes a chance and then goes into retirement and prays that his choice comes out all right.

Avoid speculation of all kinds, and certainly avoid it unless you are prepared to take it up as a business, is the Baruch creed, so far as I was able to fathom it. The trouble with a great many people is that they think they can grasp all the intricacies of Wall Street, taking an occasional flyer or so in a "good thing," while they are going ahead with their regular business. That kind of thing may turn out well, or again it may not, but it is not the method recommended for those who want to be reasonably certain of making money.

Necessary Related Information

To be a successful speculator in the real sense, one can't be a "speculator" in the popular sense at all. One has got to have an intimate knowledge, for example, of manufacturing. One should know costs of production, costs of selling, and something about the general supply of the commodities dealt in by the corporations whose securities are traded in on the market.

One must be a judge of the facts connected with particular transactions, but keep an eye at the same time on the world situation.

One must watch new sources of supply and new processes of production affecting the standing of corporations listed on the Stock Exchange, or, for that matter, figuring on the Curb; one must know of new methods of transportation and distribution influencing the business of these corporations; one should have an insight, too, into political conditions, watch problems bearing on the relation between workers and employers, and have a mind which, while trained to getting at facts in any given situation, will not become too much enmeshed in details.

A fairly large order, any one will say, but in considering to what extent Baruch himself lived up to these requirements it may be recalled that the late James R. Keene publicly referred to him as one who even in his youth was "one of the best posted" persons in the financial district, and that President Wilson selected him from among all other financiers as the man to head the War Industries Board, an organization which in some respects was more powerful and embracing than the body headed by Herbert Hoover.

Admitted to See Wilson

Baruch not only won the President after a remarkably brief acquaintance, but succeeded in impressing him so strongly as to his general sagacity and ability to size up a general situation that he is one of the few men whose advice Mr. Wilson still seeks, and whose judgment he still respects.

It is common knowledge that during the President's recent illness

BERNARD M. BARUCH *at his desk. From his most recent photograph*

Baruch was one of the extremely limited number of persons who was admitted to his presence.

The talk I had with Baruch covered many subjects, as I have intimated, and all the time the telephone kept interrupting. For a person who has "retired to private life," Baruch's opinion seems very much in demand among persons of varying degrees of importance, and he was constantly breaking the conversation to answer some query submitted to him over the telephone.

But after each interruption Baruch would drape himself about one of the easy chairs in his den—drape is the only possible word, seeing he is 6 feet 4½ inches tall—and leisurely return to a recital of his impressions of the pugilists he had met, his early experiences in the financial district, and his struggles when he was running errands for a downtown firm for the munificent salary of $3 a week.

Baruch will be fifty years old in August. He was born in Camden, S. C., where his father, Dr. Simon Baruch, practiced medicine until 1880, when he came to New York City. The elder Baruch, who is eighty years old, was always referred to as a progressive in medicine and wrote several books on hydrotherapy and chronic diseases. After coming to New York City Dr. Baruch was for several years professor of hydrotherapy in the medical school at Columbia University. On account of his advocacy of free public baths he became known as the "father" of these places in the city, the city recognizing this by naming one of the baths after him.

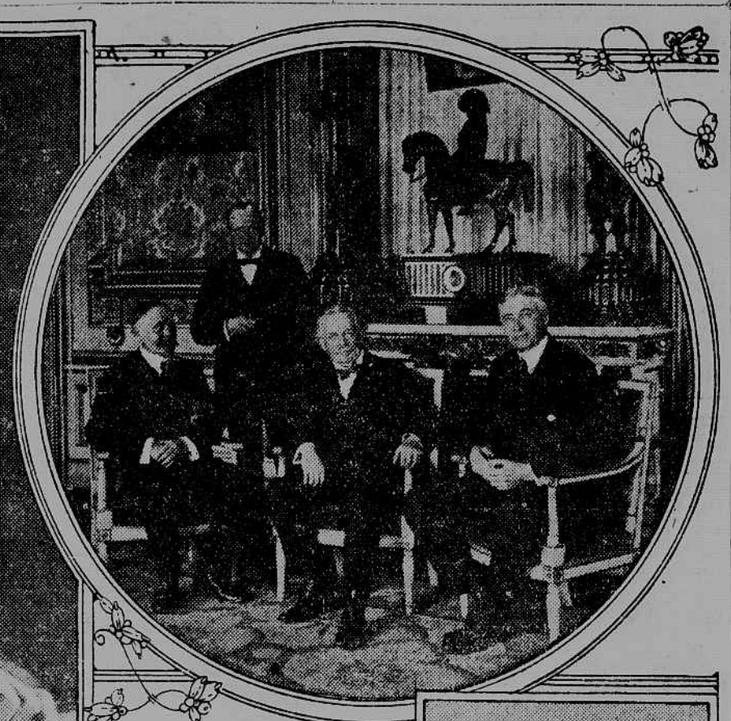
Began Study of Medicine

Bernard in those days seemed to be destined to follow in the professional footsteps of his father, and his early school education in Camden and in New York was arranged with that end in view. Afterward he entered the College of the City of New York, where both books and tuition are free, graduating from that institution in 1889 with the degree of bachelor of arts.

Fate decreed that finance and not medicine was to be his field of endeavor, and he obtained a position with the brokerage firm of A. Housman & Co., in Exchange Place, very soon winning recognition there by his mastery of the subject of exchange.

In after years, when Baruch had become the directing genius of the War Industries Board and was laying down the law to mighty corporations, fixing prices and otherwise exercising powers such as were enjoyed by few civilians in the world, a great many persons, among them many sincere and ardent enemies, sought by reviewing his career in Wall Street to discover the secret of his sudden and skyrocket-like access to wealth and power.

What they discovered was what the newspapers frequently said of him—that he was a speculator in stocks; that he had an almost uncanny faculty for getting on the right side of the market, and that he had made a great deal of money, a very great deal of money, indeed, considering that he was an office boy when he started, with no particular backing or influence to help him on.



LEFT to right: M. Loucheur, Winston Churchill, Lloyd George and Bernard M. Baruch

BERNARD M. BARUCH *at about the time he began his career in Wall Street*

MRS. BERNARD M. BARUCH *and Bernard M. Baruch jr., a freshman at Harvard. There are also two daughters*

William Allen White, who, like many others, had his curiosity aroused by the astonishing rise to prominence, wealth and power of the one-time stock broker, once wrote this about Baruch:

"Newer Type of Jew"

"He is trim, keen, open-faced, gray-eyed, candid as to countenance, quick moving, decisive, friendly, resourceful, and as little satisfied with himself as a handsome man dare be.

"He is the newer type of the American Jew. American life has pressed almost the last vestige of his blood from his mien. It is a strong blood, but this is a strong civilization we are making here, and in Baruch we see two forces grappling with one another. And the Western civilization is fairly well prevailing. But he has all the high vision that his blood entitles him to, all the capacity for honorable compromise, the ability to put himself in the other man's place. He is facile, gentle, and has tremendous personal power. He leads by charm rather than by force, as David must have led of old."

Sitting in Baruch's attractive den on the top floor of his home you get a little of the picture that White tried to paint, but you are apt to mistake that genial manner of his as the index of a yielding character, which is a most grievous error, indeed. The son of a Southerner, Baruch has inherited the trick of drawling affability which is characteristic of most natives below the Mason and Dixon line, but he is, nevertheless, in the habit of having his own way.

Occasionally the smiling manner, the aspect of desiring to please and compromise, disappears, and you get a glimpse of an entirely different sort of man. This happened when I asked him if, as a consequence of criticism, he would modify his defense of some of the economic aspects of the treaty, which, of course, Baruch helped to formulate.

"No," he shot back, "but I hope that when the situation is thoroughly understood there will be a great many others who will modify theirs."

Loyal Friend of Wilson

Baruch is frankly—almost fanatically, some might think—loyal to President Wilson.

He looks upon the President as one of the world's greatest men, and he holds tenaciously to the conviction that the plan for the league of nations recently rejected by the Senate is one of the masterpieces in the efforts of the human race to achieve freedom and international justice. He shows signs of restiveness when either is attacked.

In regard to the present industrial situation, he is absolutely convinced that three things, and three alone, will cure our ills, namely, "work, production and economy."

"One way to reduce the cost of necessities is to increase the supply of necessities," he said, emphatically.

In a recent Congressional investigation Baruch said, in reply to a question, that the "peak of underproduction and scarcity had been reached," and that the nation already "was beginning to dig its way out of its troubles."

"If that is so, how about the rise in real estate?" I asked him.

"It has been my observation," he replied, with slow emphasis, "that an increase in the price of real estate is always the last phase of an upward movement in a general advance of prices, as it is, also, the last thing to decline when prices are dropping. This is curious, but true."

"Then you believe that prices are coming down?"

"It does not follow that any drop in prices is going to come immediately, or if it does come that it will be sudden, because there is a large vacuum to be filled."

"When prices decline will wages decline also?" I asked him.

Wages Will Stay Up

"In my opinion, wages will never go back to what they were before the war, because the worker is now generally conceded to be entitled to a larger share in the profits which he produces.

"The working people of the country have been educated to a higher standard of living than they previously enjoyed. That is a good thing for all.

"In my opinion, the war demonstrated what for lack of a better description may be termed the 'dignity and necessity of the worker in the social fabric,' regardless of whether he is employed in industrial life, engaged in manufacturing, mining coal, rearing cattle, raising wheat, corn, cotton, or engaged in any of the other activities that make up the daily concern of the nation.

"Heretofore the worker in industry, and the farmer as well, have not been accorded proper appreciation of their efforts in economic life, but, as a result of better understanding, they are beginning to receive a fairer share of the results of their labor, which is only as it should be.

"In the case of some salaried workers, as, for example, the teachers, the readjustment in the matter of compensation is still to be made. It is certainly unfortunate that those who are engaged in teaching our schools and laying the foundations of ideas of our young should still be earning only barely enough to keep body and soul together.

We Must Be Thrifty

"As to existing high costs, work with increasing production will remedy these things. But we must learn to economize. Work, increased production and thrift are the remedy."

"Do you believe in price-fixing in peace times?" I asked.

"No," he replied.

Reference has been made to Baruch's prowess in the "manly art" of self-defense. Here is a story told by a friend of his to illustrate this. The incident occurred after Baruch had become chairman of the War Industries Board.

Baruch, walking out of a restaurant, was imprisoned in the revolving door opening on the street by three young college men who thought to have some fun with him. They kept the dignified official trotting swiftly around with the door, to his very great disgust, for several minutes.

Finally, when they released him, his face must have indicated that he was anything but pleased by his experience, but when he began to lecture the youths one of them, who looked like a football player and had been drinking, broke in:

"Now, you needn't get mad. If you're looking for trouble you can have it."

Things looked squally for a minute, but just then a bystander who had known Baruch for years stepped up and said:

"Young fellow, you'd better let that gray-haired man alone. He's got a punch like a mule, and I've seen him hit a man so hard once he almost changed his religion."

The young college man noted the glitter in the irate official's eye and decided to take the advice of the peacemaker, walking off with the remark that there was no occasion for "anybody getting sore."

Belonged to Boxing Club

Baruch in his youth was a regular attendant at Wood's gymnasium, in Twenty-eighth Street, a famous center for lovers of athletics, which is no longer in existence. Physicians, writers, actors, all sorts of professional people, as well as policemen, pugilists and "rough guys" from various walks of life, went there.

The instructor at Wood's gymnasium was "Billy" McClellan, and there was keen rivalry between him and "Billy" Edwards, instructor at the New York Athletic Club, as to which was the better trainer in sparring. Once McClellan chose three of his best pupils to meet three of those trained by Edwards, and Baruch was one of the three selected. The match never came off, but only because the rival trainers could not agree upon conditions, it was said.

There is one other interesting fact about Baruch. This is that he has never made a public speech in his life, and can't even lay claim to having delivered an address at a dinner, which is something of a distinction in these days of many dinners and many speakers.

He is married and has three children—a son, Bernard M. Baruch jr., who is a freshman at Harvard, and two daughters, the eldest of whom is an expert radio operator, in which she became skilled during the war. The younger daughter is in school.

A Book on Economics May Occupy the Former Broker's Time for the Next Few Months

Making a Journey to the Moon Has Been a Dream of the Ages

EVER since the day when Adam lost his lease on the Garden of Eden and was put to the necessity of supporting Eve and the rest of the family, to this day, when Sir Oliver Lodge tells us that we can communicate with that departed second cousin, most men have said, "It can't be done; it can't be done."

Subsequent events have been startling enough to prove to even the most vigorous of that large body of every population which pours intellectual cold water on the burning dreams of its "impractical" men that the only thing that is impossible is to build three houses in a row without putting one in the middle, and even that grave problem may some day be solved to the advantage of tenant and landlord alike.

A Rocket Passenger

Captain Claude R. Collins, president of the Aviators Club of Pennsylvania, announces that he is willing, in fact anxious, to take a free ride on or in Professor Robert H. Goddard's rocket, if the rocket is aimed at Mars or the Moon. Professor Goddard, who is a member of the faculty of Clark College, in a recent report to the Smithsonian Institution, made the spirit of Jules Verne dance a joyous jig, if we are to believe Sir Oliver Lodge. Professor Goddard thinks that he can send a multiple charge projectile to the moon, or thereabouts, and he wants to send along with it an apparatus for taking chemical and physical pictures of the nature of the higher levels of the air.

Captain Collins does not believe in instruments, as such. He wants to attach himself to Professor Goddard's rocket instead of allowing mere machines to tell the world about its neighbors. He insists, however, on participating in the construction of the rocket, which is no more than natural. We all like to see our stateroom before we depart on the shortest journeys.

Both Professor Goddard and Captain Collins are only carrying to a scientific conclusion the predictions and scientific dreams of Jules Verne. Jules Verne showed the world more about the stuff of which dreams are made than any other writer the world has known. He wrote stories about every one of his ideas, but the fact that he could create characters as well as dreams does not make any of the dreams less true.

In his books "From the Earth to the Moon" and "Round the Moon," which were written about 1870, Verne foresaw in a general way all the ideas which Professor Goddard is putting in strict scientific formulæ and all the adventuresomeness which Captain Collins is trying to make fact. According to Verne's story, the Gun Club of America after the close of the Civil War was placed in the ugly predicament of being utterly useless. During the war this imaginary organization had turned all its energies to the construction of large guns, until there was hardly a member who owned two legs, two arms and an unfractured skull. After the war they found no outlet for their energies and spent the succeeding few months after the making of peace bemoaning the fact that this country would probably see no war for many years to come.

Joyful News

Upon this atmosphere of despondency and despair the announcement of the president of the club, Impey Barbicane, fell like a bombshell. He calmly told the members that he was going, with their aid, to shoot at the moon. According to Verne, the idea received universal approval in this country and the plans were made with great expenditure and enthusiasm after a fund had been raised from every country in the world.

The director of the astronomical observatory of Harvard University is put on the job by Verne's imagination and these are his directions:

"The cannon ought to be planted in a country situated between 0 degree and 28 degrees of north or south latitude.

"It ought to be pointed directly toward the zenith of the place.

"The projectile ought to be propelled with an initial velocity of 12,000 yards per second.

"It ought to be discharged at 10 hours, 46 minutes, 40 seconds of the first of December, 1867.

"It will meet the moon four days after its discharge, precisely at midnight on the fourth of December, at the moment of its transit across the zenith.

"The members of the Gun Club ought, therefore, without delay, to commence the works necessary for such an experiment, and to be prepared to set to work at the moment determined upon; for, if they should suffer this fourth of December to go by, they will not find the moon again under the same conditions of perigee and of zenith until eighteen years and eleven days afterward."

They do set to work immediately, and after considerable discussion of technical difficulties devise a projectile suitable for the journey, but their plans are changed by the arrival of a cablegram from a Frenchman, one Michel Ardan, who desires that the projectile be made in such a form that it will contain his body. After the astonishment of this proposal wears down, it is decided to make the projectile of such a nature that it will hold three men, and the president of the Gun Club, another great manufacturer of armor plate and the Frenchman set off for the moon, after a terrific explosion that knocks down all the spectators of the departure, which is made from Tampa, Fla.

Back Home

The travelers to the moon of Jules Verne's imagination are deviated from their course by encounters with several meteors and minor subjects of the solar system, but they succeed in the sequel to the book in making a rapid tour of the moon and its surrounding bodies, landing finally in the ocean adjoining Florida.

In this country we have had several moon romances. A New York newspaper in 1835 contained the observations of one Sir John Herschel, who from the Cape of Good Hope, by means of a telescope, saw on the moon deep caverns and large hippopotami, green mountains bordered by golden lacework, sheep with horns of ivory, a white species of deer and inhabitants with membranous wings like bats. Edgar Allan Poe created Hans Pfaal, a gentleman of Rotterdam, who launched himself in a balloon filled with a gas extracted from nitrogen, which was thirty-seven times lighter than hydrogen, and reached the moon after a trip of nineteen hours.

The contemporary disciple of Jules Verne, who has made amazing predictions, which came true during the war, is H. G. Wells. He also has devoted his attention in a romantic fashion to the moon. In his book, "The First Men in the Moon," the trip is made in a sphere which is constructed of a special gravitational and energetic substance called Cavorite, after the name of the hero of the book and the inventor, Cavor. Cavor goes to the moon in the company of the man who tells the story in Mr. Wells's words. They have many thrilling experiences among the Selenites and the narrator finally departs for this earth, after having the impression that his companion, Cavor, has been killed by the Selenites. Then, it will interest Mr. Marconi to know, Cavor communicates with the earth by means of wireless and tells the narrator of the story what a coward he is and how he, Cavor, never wishes to see the earth again because the Selenites are delightful people after they have been properly introduced.

Predicted the Submarine

The moon was not the only sphere of influence that attracted Jules Verne. He predicted the submarine in his "Twenty Thousand Leagues Under the Sea" and described submarine warfare as thrillingly as the war books of the present day describe it. The Nautilus, which is the submarine of Verne's imagination, was equipped with a periscope and was quickly submersible. Verne wrote about it in 1860 or thereabouts. Hudson Maxim, in an article of appreciation of Jules Verne, says that to forecast inventions, as Verne did, requires the same creative imagination as that displayed by an inventor. Verne foresaw the automobile in his book called "The Steam-Horse," and the aeroplane in his "Robur the Conqueror."